



STAFF REPORT

Meeting Date: January 28, 2014

Agenda Item #8G

Agency: City of Belmont

Staff Contact: Thomas Fil, Finance Department, (650) 595-7435 tfil@belmont.gov

Agenda Title: Resolution of the City Council Approving a Service Agreement with Quint & Thimmig LLP to Perform Services as Bond and Disclosure Counsel

Agenda Action: Resolution

Recommendation

It is recommended that the City Council approve the attached resolution authorizing the City Manager to execute a Service Agreement with Quint & Thimmig LLP to perform services for the City of Belmont as Bond and Disclosure Counsel.

Background

From time to time the City has need of legal services related to bond issuance and disclosure matters that are highly technical and require the services of legal practitioners with specialized expertise.

Analysis

Staff requested proposals from several bonds and disclosure counsel firms detailing their qualifications. After narrowing down the practitioners, a selection team, consisting of the City Attorney, City Treasurer and Finance Director performed interviews and reference checks on the finalists.

Staff requests that the City Council authorize the procurement of such legal services, on an as needed basis, from the law firm of Quint & Thimmig LLP at the rates set forth in Exhibit A to the proposed resolution accompanying this report, and contingent upon the availability of existing funds.

There is a companion report recommending the engagement of Magis Advisors as financial advisor in connection with the same future bond issues.

Alternatives

1. Deny the requested authority.
2. Continue the item for further discussion.

Attachments

- A. Implementing Resolution

Fiscal Impact

- ☐ No Impact/Not Applicable
☒ Funding Source Confirmed:

Legal services rendered in the process of issuing a bond are a component of what is called “bond issuance cost”. Payment of bond issuance costs are typically contingent upon the issuance of the bonds and are routinely paid from bond proceeds. As a result, they generally will not have a direct financial impact on the City’s fund balance reserves or require the use of revenues earmarked for other services. For other matters, the authorization for procurement of legal services requested is limited to the amount of available funds appropriated within the fiscal year budget for that purpose.

The timing of debt issues is predicated on many factors. As a consequence, the fiscal year budget as originally adopted may need to be amended to reflect a particular bond issuance. If not originally appropriated in the fiscal year budget, staff will request an amendment contemporaneous with the approval of the debt issue to provide appropriation authority for this purpose.

Source:

- ☐ Council
☒ Staff
☐ Citizen Initiated
☐ Other*

Purpose:

- ☐ Statutory/Contractual Requirement
☐ Council Vision/Priority
☒ Discretionary Action
☐ Plan Implementation*

Public Outreach:

- ☒ Posting of Agenda
☐ Other

RESOLUTION NO. 2014-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT APPROVING A SERVICE AGREEMENT WITH QUINT & THIMMIG LLP TO PERFORM SERVICES AS BOND AND DISCLOSURE COUNSEL

WHEREAS, from time to time the City has need of legal services related to bond and disclosure matters; and,

WHEREAS, the law firm Quint & Thimmig LLP has demonstrated expertise in this field; and,

WHEREAS, legal services rendered in the process of issuing a bond are a component of bond issuance costs and are typically contingent upon the issuance of the bonds, routinely paid from bond proceeds, and generally will not have a direct financial impact on the City's fund balance reserves or require the use of revenues earmarked for other services; and,

WHEREAS, the timing of debt issues is predicated on many factors. As a consequence, the fiscal year budget as originally adopted may need to be amended to reflect a particular bond issuance and provide appropriation authority for this purpose; and,

WHEREAS, for other matters, the authorization granted herein for procurement of legal services is limited to the amount of available funds appropriated within a fiscal year budget for that purpose.

NOW, THEREFORE, the City Council of the City of Belmont resolves as follows:

SECTION 1. The City Manager is authorized to negotiate and execute an agreement purchasing bond and disclosure counsel services from Quint & Thimmig LLP at the rates set forth in Exhibit A. This authorization is limited to the amount of available funds appropriated within a fiscal year budget for that purpose.

* * *

ADOPTED January 28, 2014, by the City of Belmont City Council by the following vote:

Ayes:

Noes:

Absent:

Abstain:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

City Attorney

APPENDIX C

FEES

Bond Counsel. In general, our bond counsel fees are based upon factors such as the anticipated amount of the work involved and the size and complexity of the financing. Our fees include all reasonable follow-up work done at the request of the client, so that the client pays only once, at closing of the financing. We typically do not bill by the hour. *Our fees are charged on a strictly contingent basis.* If the financing is not closed, we receive no compensation. Our fee schedules for various types of financings are as follows (although we are willing to negotiate these fees if the circumstances of a particular financing requires adjustment):

- a. **General Obligation Bonds** (subject to minimum fee of \$15,000):
 - 0.5% of the principal issue amount up to \$1,000,000.
 - 0.25% of the principal issue amount between \$1,000,001 and \$6,000,000.
 - 0.10% of the principal issue amount over \$6,000,000.
- b. **Tax Allocation Bonds, Revenue Bonds (including public utilities), Certificates of Participation (including public utilities), and Qualified 501(c)(3) Bonds** (subject to minimum fee of \$25,000):
 - 1% of the principal issue amount up to \$1,000,000.
 - 0.5% of the principal issue amount between \$1,000,001 and \$6,000,000.
 - 0.25% of the principal issue amount between \$6,000,001 and \$21,000,000.
 - 0.125% of the principal issue amount over \$21,000,000.
- c. **Mello-Roos Bonds** (subject to minimum fee of \$25,000):
 - 2% of the principal issue amount up to \$1,000,000.
 - 1% of the principal issue amount between \$1,000,001 and \$5,000,000.
 - 0.5% of the principal issue amount between \$5,000,001 and \$15,000,000.
 - 0.125% of the principal issue amount over \$15,000,000.
- d. **Assessment Bonds** (subject to minimum fee of \$25,000):
 - 2% of the principal issue amount up to \$1,000,000.
 - 1% of the principal issue amount between \$1,000,001 and \$5,000,000.
 - 0.5% of the principal issue amount over \$5,000,000.
- e. **Tax and Revenue Anticipation Notes** (subject to minimum fee of \$5,000):
 - 0.05% of the principal issue amount of the Notes.
- f. **Multifamily Housing Bonds and other Private Activity Bonds, other than Qualified 501(c)(3) Bonds** (subject to minimum fee of \$25,000):
 - 1.5% of the principal issue amount up to \$1,000,000.
 - 0.5% of the principal issue amount between \$1,000,001 and \$6,000,000.
 - 0.25% of the principal issue amount between \$6,000,001 and \$21,000,000.
 - 0.125% of the principal issue amount over \$21,000,000.

In addition, we normally seek reimbursement for actual out-of-pocket expenses incurred by us for shipping, delivery and courier service, official transcript duplication and travel expenses for travel outside of California, if any, *but specifically excluding travel*

expense within the state of California; however, such reimbursable expenses would also be entirely contingent upon the successful closing.

As stated above, we will be available on a continuing basis after closing, *at no additional cost to the City*, to answer questions about the financing; however, special post-closing services (such as litigation, arbitrage administration and annual continuing disclosure report advice) would be provided pursuant to a separate engagement agreement on terms mutually acceptable to the City and us.

Disclosure Counsel. Our disclosure counsel services are ordinarily quoted as a fixed amount, based primarily upon the anticipated amount of disclosure work necessary in connection with the preparation of the official statement for the bond issue. Our disclosure counsel fee is wholly contingent upon the completion of the bond issue. Since the fee for a particular financing will depend on the specifics of the issue, it is difficult to quote fees. However, in general, such fees should range from \$25,000 to \$40,000.